

**MINUTES OF REGULAR MEETING
OPEN SESSION
ILLINOIS GAMING BOARD
DECEMBER 3, 2007
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

On Monday, December 3, 2007 a Special Meeting of the Illinois Gaming Board (“Board”) was held in the conference room of the Gaming Board Offices on the 3rd floor at 160 N. LaSalle, Chicago, Illinois.

On Monday, December 3, 2007 at 10:30 a.m. the following Board Members were present: Chairman Aaron Jaffe, Members Charles Gardner, Eugene Winkler, and Joseph Moore.

At 10:00 a.m. on Monday, December 3, 2007 Chairman Jaffe called the meeting to order. Pursuant to Section 2(c), paragraphs (1), (4), (11), (14) and (21) of the Open Meetings Act and Section 6(d) of the Riverboat Gambling Act, Member Gardner moved that **the Board retire to Closed Session to discuss the items listed under Closed Session on today's agenda and relating to the following subject matters:**

- 1. Pending Litigation and matters involving probable litigation;**
- 2. Investigations concerning applicants and licensees;**
- 3. Personnel matters; and**
- 4. Closed session minutes.**

Member Gardner seconded the motion. The Board approved the motion unanimously by roll call vote. The Board remained in Closed Session until approximately 11:00 a.m. The Board went into open session at 11:25 a.m.

Roll call was taken at the start of the open session with Chairman Jaffe, Members Gardner, Winkler and Moore present.

CHAIRMAN'S REPORT/COMMENTS – no motion

The Chairman went over the guidelines for the public presentations.

BOARD MEMBERS' COMMENTS – no motion

ADMINISTRATOR'S REPORT – no motion

APPROVAL OF MINUTES –

Member Moore moved that the Board approve the closed session minutes of its Regular Meeting of October 16 and 17, 2007, and November 19, 2007, and the open session minutes of the

Regular Board meeting of October 16 and 17, 2007 and November 19, 2007. Member Gardner seconded the motion. The Board approved the motion unanimously by roll call vote.

The Chairman stated that last week the Court issued two decisions. First, was a decision authored by Judge Wolfson in the 1st District Appellate Court which held that the Board followed the Court's mandate by renewing Emerald's license subject to revocation proceedings. The second was a Supreme Court decision refusing to accept Emerald's appeal of the 4th District Appellate Court's decision upholding the Board's revocation of Emerald's license. As a result of those rulings, the Gaming Board can take preliminary steps to reissue the 10th license formerly held by Emerald Casino. This license has been dormant since 1997 and has likely cost the State an estimated \$1B in lost revenue. The Board is directing staff to issue a Request for Proposals to secure the expertise of an investment banker to assist with the process to re-issue the 10th license.

The Chairman went on to commend staff for their countless efforts which assisted the Board in revoking Emerald's license. Chief Legal Counsel Michael Fries did an excellent job in contributing much effort toward the Board's revocation of the license.

BOARD POLITY ITEMS -

- 2008 Board Meeting Dates –

Member Winkler moved that the Board approved the following dates for the Regular Board Meetings for the 2008 Calendar year. Member Gardner seconded the motion. The Board approved the motion unanimously by roll call vote.

Monday, January 14th - Closed session only
Tuesday, January 15th - Closed and open session

Tuesday, February 19th – Closed and Open session

Monday, March 24th - Closed session only
Tuesday, March 25th - Closed and open session
Monday, April 21st - Closed session only
Tuesday, April 22nd - Closed and open session

Monday, May 19th - Closed session only
Tuesday, May 20th - Closed and open session

Monday, June 23rd - Closed session only
Tuesday, June 24th - Closed and open session

Monday, July 14th - Closed session only
Tuesday, July 15th - Closed and open session

Monday, August 18th - Closed session only
Tuesday, August 19th - Closed and open session
Monday, September 15th - Closed session only
Tuesday, September 16th - Closed and open session

Wednesday, October 15th - Closed and Open session

Monday, November 17th - Closed session only
Tuesday, November 18th - Closed and open session

Monday, December 15th - Closed session only
Tuesday, December 16th - Closed and open session

PUBLIC COMMENTARY – no motion

Gene O’Shea – Director of the SEP Program at the IGB

Good morning Mr. Chairman and Members of the Board. I am here today at the request of the Chairman to offer a few words before we open the meeting to the speakers.

Today we will hear from 12 speakers regarding the possibility of requiring the State’s casinos to scan driver’s licenses and State issued ID’s of all casino patrons in an effort to keep persons on the IGB’s exclusion and self-exclusion lists from entering the casinos.

You will hear from State Senators Clayborne and Wilhelmi, representatives of the casino industry, others opposed to gambling and lastly from Mr. Christopher Anderson, founder and director of the gambling recovery center in Evanston. Mr. Anderson was appointed by Governor Blagojevich to serve as a consultant and expert to this Board on problem gambling issues.

Before we begin, I would like to remind all of the speakers that we have a limited period to discuss the issue at hand. Each speaker will have about 5 minutes time. With that being said, I will get right down to business regarding my area of knowledge, the IGB’s Self-Exclusion program.

As of today there are a total of 5,331 persons enrolled in the Self-Exclusion Program. Since its inception there have been 1,154 incidents involving self-excluded persons returning to the casinos and being discovered by the IGB or casino personnel. Of those incidents some 395 have resulted in donations totaling approximately \$500,000. In addition, a total of 572 self excluded patrons have been charged with trespassing for violating the self-exclusion program.

Now for a bit of history as to why we are here today. In 2005 I was instructed by this Board to look into ways in which the self-exclusion program could be strengthened and improved.

Among the options considered was requiring all patrons to obtain player’s cards to enter the casinos. The state of Missouri currently has such a requirement as part of its loss limits statute.

I also looked into biometric systems, such as those utilized by Walt Disney World Resorts. Those systems were developed by an Arizona Company named Lumidigm which reportedly has received seed money from the U.S. Intelligence community to develop security devices. Representatives from Lumidigm and Walt Disney Resorts both told me such a system would be doable in Illinois. However, such a system could be costly to set up and would require the IGB

to maintain a central database that would be networked with the casinos and have the ability to share information back and forth almost instantaneously around the clock.

As you know there have been various methods to strengthen the program that were explored, however there was an option already in place at the Casino Queen and Hollywood Casino.

Before I had received the directive from the Board to strengthen the program those 2 casinos were finding underage gamblers and self-excluded persons before they entered the casinos simply by scanning drivers' licenses and ID's at the entry.

All of the state's casino licensees currently own such scanners. A few might have to buy a few more in order to speed up the process of gaining entry into the casinos. The bottom line is equipment is already in place.

The IGB also tested such procedures over the last few months by conducting field-tests at several casinos. During those tests the licensees were asked to check and scan the ID's of all patrons prior to entry.

Recently on Thanksgiving Eve, the Administrator and I were at the Grand Victoria Casino during once such field test.

In the course of 2 hours more than 576 persons entered the casino. During that time period a total of 19 persons were turned away because of various reasons such as not having any ID or an expired ID.

Another 8 persons were observed leaving for unknown reasons. Who knows perhaps they were IGB self-excluded persons. During one field test at Casino Rock Island, a 58-year old self excluded person was found trying to enter the casino.

Member Gardner asked if the gentleman at Casino Rock Island was arrested, and Mr. O'Shea went on to say that he was arrested.

Member Winkler asked if the scanning process is quick, and Mr. O'Shea stated that it appeared to be efficient.

Senator Clayborne

The Senator addressed the Board, stating that he is representing East St. Louis. The Senator stated that the original intent of the law was to address depressed communities to give employment and revenue, and to take the proceeds to help education and the common community fund. The Casino Queen was the first to impose restrictions to make sure that those who were under age and the problem gambler was stopped.

The Senator went on to state that the Illinois boats must be more competitive to deal with the other states' casinos. The tax on the adjusted gross receipts must also be addressed. We are staying competitive due to the fact that Missouri does card the patrons at the entrance. These same patrons

then are coming over to the Illinois casinos. By imposing the scanning issue you will be putting Illinois at a disadvantage.

Lastly, the no smoking restriction that will take effect on January 1, 2008, will cause less people to come to Illinois casinos. The more restrictions you put on the casinos the less money that would exist for the communities' benefit.

Senator Wilhelmi

Senator Wilhelmi is from the Joliet area. Joliet at one time was once a very depressed town. When Harrah's Joliet and the Empress came into town, they helped revive Joliet again. With the revenue, jobs were created, roads were built and the town was booming.

A loss of market share has been the result of a very aggressive policy in Illinois. Carding the patrons that walk into the casino is not the answer. Carding patrons and enforcing a non-smoking ban will definitely hurt the industry.

Bill Schwarzkopf

Mr. Schwarzkopf is the treasurer of the Illinois Council on Problem Gambling, and stated that he also is a financial advisor and has an MBA in Marketing. He stated that if asked he would encourage the industry to do everything in their power to discourage the problem gambler from entering the casino. The regulations that were put into place must be enforced. From the public relations stand point, arresting the problem gambler and confiscating their winnings and sending them to jail is not a winning public relations strategy.

Scanning systems would prevent problem gamblers from entering the casino in the first place. This would be an excellent measure.

Thomas Swoik-Illinois Casino Gaming Association

Good morning and thank you for the opportunity to comment on the proposal to require all patrons entering Illinois casinos to show identification.

The members of the Illinois Casino Gaming Association have continually supported the VOLUNTARY SELF-EXCLUSION PROGRAM. As early as 1996, many of the casinos developed individual property self-exclusion programs, nearly two years prior to the inclusion of the concept in the Minimum Internal Controls. Since 1998, all nine casinos have provided some form of self-exclusion for people who chose to exclude themselves from the casinos.

In June of 2002, the IGB implemented their Statewide Voluntary Self-Exclusion program. We submit that this statewide program implementing more consistently applied policies has been a successful tool to assist the problem gambler.

In 2006 the Association worked with IGB staff to strengthen the SEP. The current proposal was one of many initiatives considered. We negotiated in good faith and in July or August of that year implemented the following initiatives:

1. The arrest of self-excluded individuals attempting to enter the casino or caught within the casino, the first time and every time;
2. Strengthened the arrest language in the SEP application;
3. Sent two separate mailings to enrollees of the program, reminding them again of their responsibilities and the fact they would be arrested if they returned to the casino;
4. Expanded checking of government issued id's being done to detect underage patrons to include a check against the SEP list;
5. Provided new signage at all entrances to the casinos;
6. Expanded to all casinos a monetary reward program for employees detecting a self-excluded individual; and
7. Coordinated all systems to help identify a self-excluded individual.

While all of this was done in support of the Self Exclusion Program, it remains but one tool in the process of assisting the problem gambler. Self-exclusion is not, and was never intended to be, the panacea to eliminate problem gambling. Professionals in the compulsive gambling field tell us that a self-exclusion program will not work on its own. It is also necessary to have awareness, access to treatment, more GA meetings, training of therapists, more research and education and prevention.

The term “Self-Excluded” acknowledges the participant’s recognition of a gambling problem and the intent of the process to give that participant a means, another tool if you will, in helping themselves to address their problem. The Voluntary Self-Exclusion program was never intended to place upon the industry the responsibility of catching every person who breaches their contract with the State and decides to go to a casino. Such a duty is not placed on other legal activities such as the retail industry or the alcohol beverage industry. They are not required to prohibit admission to individuals that have an alcohol addiction or too many credit card balances.

Personal responsibility is the cornerstone to the success of the SEP. In fact, the Self-Exclusion Application, Form IGB-15 (Questions 27-29); the first through fourth bullet points on Form IGB-18 Acknowledgement of Personal Responsibility; the one-page list of Phone Numbers for Help; and the program’s Brochure, all clearly state it is the participant’s responsibility to stay out of all Illinois casinos and it is not the responsibility of the IGB or the casinos to prevent the participant from entering. These documents correctly capture the central premise of the entire program, which is individual responsibility. In further support of this proposition and in recognition of the participant’s responsibility, one of the key components of the program is the participant’s forfeiture of any winnings, chips, or tokens to a designated organization. The state and the industry both realize that some participants will use fake ID’s or buy other player’s club cards, or even use disguises to gain entry into a casino.

We believe that if indeed, the Board's goal is a 100 percent success rate in detecting and keeping individuals on the self exclusion list from entering an Illinois casino this could only be accomplished with draconian measures. Such as passing legislation mandating jail time or the institution of other all encompassing measures to detect self-excluded persons. While we understand the Board would never venture into such invasive measures, we want it to be clear, no program, including those listed above, will be 100 percent fool proof. This is also true of the Board's proposal to require the casinos to check the driver's license of every individual entering the casino.

In 2007, we most likely will have over 16,500,000 admissions to Illinois casinos. The self-exclusion list has approximately 5300 individuals listed (about three one-hundredths of one percent (0.03%) of those admitted). This proposal negatively impacts more than 99% of our customers to potentially police the less than 1% from violating their agreement. The industry believes that implementing such a proposal is unnecessarily overly broad and only serves to inconvenience the millions of patrons who do not have a gambling problem, invades their privacy rights, and will result in them patronizing bordering state's casinos. Further, this policy may discriminate against elderly or handicapped individuals that don't have a driver's license but frequently visit the casino along with their family members.

We therefore are against any proposal that requires every casino patron to be carded at the casino entrance.

In summary we submit that it is critical that the Board consider the following issues in making its decision on whether to implement this policy.

1. Personal Responsibility. Knowledgeable treatment professionals have suggested that one of the most important steps to recovery is the acknowledgement by the individual that they have a problem. Additionally, it is incumbent upon them to avoid situations where they will gamble.

The former Executive Director of the Missouri Gaming Commission indicated in his 2006 comments before the IGB that if an individual is to move toward recovery, they must assume responsibility to stay away from gambling venues. Placing the responsibility on the casino relieves the individual of responsibility for their actions and may actually impede their recovery.

2. Confidentiality. When this proposal was originally discussed in January 2006, the following Letter to the Editor from a citizen of Elk Grove appeared in the Sun Times under the headline "Casino ID Check an Invasion of privacy." The citizen wrote:

"Now the casinos in the state of Illinois will know everyone who visits the casino, when and where, and how often – even if you are not a compulsive gambler. Of course, the casino and the state will say that they would never reveal this information, sell it, give it to law enforcement, or let it be compromised by computer hackers. We have heard that promise before from businesses, telephone, and cable companies, doctors and lawyers, and our own federal government. Too many recent news stories have confirmed that our personal information is being compromised daily."

This unsolicited letter came from a citizen not a member of the industry.

Identity theft is a real concern for everyone.

Privacy concerns are further shown by the fact that more than one-third of Illinois casino customers are unrated players. That is, a casino patron can provide his driver's license or identification to the casino and join the player's club free of charge. As a member of the player's club the patron receives ratings for their play and those ratings entitle them to free meals and other gifts and benefits. Many customers just say, "No thank you, I don't want to provide my driver's license information." Of course, every player is subject to the tax laws and must provide valid identification when a taxable event occurs at the casino. A significant percentage of customers who visit our properties do not want to surrender their ID information and do not want a record of each and every time they visited a casino.

I would ask the Board (rhetorically), what if each time you made a purchase at a liquor store your driver's license was scanned, captured and recorded with access available to both merchant and the state of Illinois? What if every time you frequented a bar or restaurant, your driver's license was scanned, captured and recorded with access available to both the merchant and the state of Illinois?

I would suggest that whether one is a Sunday school teacher or lawyer, he or she would not be comfortable with scanning their driver's license each time they visit the bar, liquor store, or casino. Identity theft is such an issue at this time that many patrons will not be willing "to take the chance," and will just walk away.

By rule, records maintained by the riverboats are available for immediate access and review by the State. So when a driver's license has been scanned, captured and recorded, that information is accessible and available to the Illinois State Police. I can think of no other entertainment experience that would require this type of intrusion upon privacy in order to engage in the legal activity of casino gambling. Many patrons will not believe that the information obtained while scanning an ID will only be used for entry into the facility.

In fact it has come to our attention that while having the casinos "try the system for a time period" IGB agents were in fact checking the scanned ID information against other lists that had nothing to do with self-exclusion, perhaps wants and warrants lists. Identity theft is such an issue at this time that many patrons will not be willing "to take the chance," and will just walk away; which is something particularly easy to accomplish at facilities that border other states.

3. Loss of Business; Inconvenience. Some people do not agree that a long line to enter a casino creates major problems. However, we believe the impact on the state and our businesses will be significant and must be considered. We believe the tapes of the test sessions and the information provided by your dockside staff indicates there will be lines. While opening additional turnstiles will help it will NOT eliminate the lines. It will also increase the cost of doing business. This process assumes a consistent flow of individuals throughout the day; that the system functions perfectly; and there are no delays due to unreadable IDs.

You have either heard or will hear about a study we commissioned Christensen Capital Advisors to complete. That report states that at a minimum losses to the casinos could be as much as 8%. They used some projections in their revenue figures and completed the study about a year ago however, in 2006 that would have been almost \$154 million, the tax revenue lost was projected to be almost \$70.8 million from the wagering tax and another \$3.6 million in admissions taxes.

We want to go on record today, that you have been informed of these potential losses. By the way projected revenues for 2007 appear to be inline with those projected in the study. Additionally, although none of us know whether there will be an expansion of gambling, these same percentage losses should be considered in calculating gaming revenues from new venues.

As mentioned before, it is particularly easy for Illinois residents to gamble in other states. Already lopsided laws favor states, such as, Indiana where gaming positions are not limited, 24 hours gaming is allowed, statewide smoking legislation is, most likely, going to carve out casinos and this policy would provide just one more reason to chase business across the boarder. In the November 29th edition of an Indianapolis paper, Ernest Yelton, Executive Director of the Indiana Gaming Commission was quoted as saying “One of our advantages to Illinois is they, historically, seem to do everything wrong. Everything they seem to do backfires, and it’s been to our benefit.”

In addition to the losses we are projecting here, keep in mind we are also projecting significant losses, as much as 20% as a result of the statewide smoking ban taking effect in less than a month.

As revenues decrease and as admissions decrease so do staffing needs. When the 70% tax increase went into effect, revenues decreased the first year by about \$121 million or about 6.6% (less than we are projecting if this new policy is adopted), the local share of the taxes decreased, our market share with other states decreased and staffing was reduced by over 2000 individuals.

In 2002 The Regional Economics Application Laboratory (REAL) at the University of Illinois completed a study funded by the State Chamber of Commerce in conjunction with the Association with the following findings based on their economic model. Please keep in mind these results are in 2002 dollars we paid \$555.7 million in the state share of taxes that year, last year we paid \$717.7 million or \$162 million 29% more.

“Overall, the casino industry injects nearly \$4.9 billion a year into the Illinois economy-including \$1.6 billion in wages and salaries. The industry employs 11,000 people and another 55,000 Illinois jobs stem from the industry.”

A reduction in revenue and taxes does not just affect the casino industry.

The State voluntary self-exclusion program is one of the few state-operated programs to offer assistance to problem gamblers. The program is voluntary and the assistance is not mandatory. While the Illinois statewide self-exclusion program has been in effect for almost five and a half years, it is the only program of this type in Illinois, it is important that any changes be reviewed

with caution and consideration given to the impact on both the individuals and the casino industry.

Riverboat casinos operate in proximity to other gaming venues including race tracks, OTBs, lottery outlets, and casinos only minutes away in other states?? While you are not responsible for their regulation, you surely understand that requiring our customers to stand in line, have their ID scanned, captured and recorded on every visit will most likely send them to other venues. If the Board really wants to help the problem gambler, then work with the legislature to provide more funding for assistance, keeping them out of only Illinois casinos does not really solve their problems.

The policy you are considering will require rule changes, and a coordinated effort among the IGB, the State Department of Human Services, local law enforcement agencies, States' Attorneys and the casino industry. We already know that in many areas State's Attorneys don't prosecute the individuals we are already having arrested. It is unlikely the proposed rule change will change the prosecutor's attitude on this issue.

Finally, if this proposal is implemented, it could lead to casinos being legally liable to persons on the self-excluded list should they gain entry to a casino and lose money. Current law has yet to impose such a duty on casino licensees, but has recognized that it is a person's responsibility to stay away from the casinos once they have self-excluded themselves. As discussed previously, this was the intent of Illinois' self-exclusion program. However, the law in this regard is constantly being challenged. By adding a requirement that all patrons be checked prior to entering a facility in Illinois, it could strengthen a person's claim that the casino had agreed to keep the persons from entering the facility and tip the scale to create a legal duty in that regard. If such a duty were found by a court, the failure to meet that duty could result in legal liability to the person making the claim.

This carding proposal creates an extreme competitive disadvantage for Illinois casinos and particularly those casinos operating on the borders. Each time one of our customers visits the casino, he or she will have to stand in line and surrender personal identification information to be scanned. Fear of identity theft and privacy concerns will further negatively impact the customer experience. The proposed policy would intrude on the privacy and peace of mind of the more than 99% of our customers not on the self-exclusion list. I submit to you this is not what is best for the problem gambler, the casinos, or the state of Illinois.

One of the reasons the Voluntary State-Wide Self-Exclusion Program has been successful is because of some of the activities the casinos are already doing, above and beyond what the rules require.

We respectfully request that you not implement this policy.

Anita Bedell-Illinois Church Action on Alcohol & Addiction Problems

I have testified before the Illinois Gaming Board on many occasions and voiced our concern for those who are addicted to gambling and their families. Through the years the Illinois Church Action on Alcohol and Addiction Problems has heard from many families whose spouses or relatives have lost everything they own including their homes, jobs, savings, families, and freedom due to a gambling addiction.

Family members have told me how they have gone to casinos and begged the management not to let their spouse gamble away the family's assets. Some of these families have also come before the Illinois Gaming Board to ask for help.

One woman went to a casino with her husband's business partner. She told them her husband was going to the casino every day. She said, "Doesn't it occur to you that this man might have a family or a job that he needs to go to rather than gamble night and day?" Casino personnel told them that they are not psychologists and that they do not know when someone is gambling more than they can afford or is addicted to gambling. The man kept gambling, and he lost the two businesses that he owned, his home, and his family. His children lost their father, when their parents were divorced, and his employees lost their jobs because of his gambling addiction. Gambling addiction hurts not only the person who is gambling, it hurts families and others. Dr. Henry Lesieur has estimated that every compulsive gambler impacts 10 to 12 other people.

The Illinois Gaming Board instituted the self-exclusion program as a first step to help people who openly admit that their gambling is so out of control that they cannot even enter a casino. The casinos now know the names of over 5,300 gambling addicts, because these are the people who have voluntarily enlisted in your program to self-exclude themselves from the casinos.

From its inception, our organization has asked the Illinois Gaming Board to require a mandatory ID to keep gamblers on the self-exclusion list from entering Illinois casinos. In the past we were told this policy would not be implemented because the casinos were opposed. This seems to hold true today.

A Chicago Tribune editorial dated January 8, 2006 read, "The Gaming Board is considering a proposal that would require everyone who walks into a casino to show an ID at the door. The Board should approve this measure. The state has an uneasy alliance with gambling--it balances its budget on the take from gamblers' losses. It has a responsibility, then, to help draw a line between entertainment and compulsive behavior." Therein lies the dilemma the board faces.

I talked with a former casino employee. He said when someone reaches the point of problem gambling, all too often it's not that person, but someone in that person's family that approaches the casino and says, don't let him or her play. There are many more problem and pathological gamblers who have not come forward to self-exclude themselves. They are still gambling. So despite the inconvenience of checking ID's, if it saves one person from ruining themselves or ruining themselves further, so be it.

You have been considering the issue of requiring mandatory ID before entering a casino for almost two years, and the number of people on the self-exclusion list continues to grow. How can casino personnel at nine locations in Illinois be expected to recognize and identify over 5,300 people in the self-exclusion program to keep from "knowingly" admit someone from the self-exclusion program? Once inside, the person will gamble.

Earlier this year the Illinois Gaming Board revised the rule to exclude the self-excluded person entry only from the area within the admission turnstiles of a riverboat gaming operation, rather than the entire casino property. Board member Gardner, you said that if this rule change were made, that the Gaming Board should require a mandatory ID before people could enter the admission turnstiles.

Casino representatives often say they are the most regulated industry. Today I ask this Regulatory body to take the lead nationally to help the families of these admittedly "sick" people and require the casinos to ID every person who enters the gambling area on every casino property in Illinois. The Illinois Legislature has been trying to pass a mega gambling expansion bill all year. I don't know your position on this matter, but we are praying a solution can be found with no gambling expansion.

If additional casinos are legalized for Chicago and other communities, six racetracks are transformed into land-based casinos, and existing casinos are expanded, gambling addiction will increase, and the number of people on the self-exclusion list will likely increase dramatically. Security guards at Ontario Canada's gambling facilities are expected to commit each face to memory, and then charge those gamblers with trespassing if they're found in the facility. This would be impossible. I ask you to require a mandatory ID and help the openly admitted gambling addicts to do what they cannot do for themselves--keep them from entering the casinos to gamble.

Member Gardner asked Ms. Bedell is she understood that this Board does not do things for the good of the casinos. Ms. Bedell said she was referencing the past Boards.

Member Gardner stated that limiting the exclusion area to the turnstiles would certainly make it more likely that we would adopt an ID requirement.

Todd Ruder

Last summer when I first spoke to the Gaming Board, it was to tell you of my mom's struggles with her gambling addiction and how we had looked to the self-exclusion program to bring relief. When she signed up, I believe she had amassed around \$100,000 in losses from Illinois casinos, particularly from the Empress in Joliet. I am still flabbergasted that she was able to lose another \$60,000 despite being part of the self-exclusion program but that's because Illinois casinos keep allowing her to board. A year and a half later I would never have guessed that I would be looking back on \$160,000 in losses as the good old days.

In order to prevent Mom from doing further harm, my sister, my brother and I had decided to take control of her finances. We opened a guardianship account for her at Washington Mutual,

which means Mom is not allowed to take money out of the account. On October 15th, Mom went to the Washington Mutual in Aurora and got \$300. The bank violated their own policy and gave it to her without question. Then she went to the Hollywood Casino where she was able to board and lose all \$300 despite not only her being self-excluded but despite my coming here twice before and telling you that she is able to board and gamble on Illinois casinos. That same day she lost the \$300 in Aurora, Mom went back to that same Washington Mutual, got \$1500 and then again got back on the Hollywood casino in Aurora and again lost everything. A couple hours later, she again went back to Washington Mutual, and this time got \$2000 and then again got back on board the Hollywood and again lost everything. Please don't think that Mom is a master of disguise. She devised no plan to trick Washington Mutual. She just asked for the money and they gave it to her. She had no plan to trick Illinois casinos either. She just boards and she continues to board these casinos in Illinois. I can't really know how much Mom has lost at this point. A year and a half ago it was \$160,000. Is it \$200,000 now? Could it be more?

When we informed Washington Mutual of the situation, the manager of the Aurora branch admitted that her tellers failed to enforce the policy and that we could sign an affidavit and Mom could get her money back. Then, Washington Mutual said, they would sue my mother and so the manager was letting me know, that the bank would keep hold of that money – one way or another.

I still want to sign the affidavit. I don't think Washington Mutual would be successful if they sued, but even so, it would be a lesson for Mom to have to learn. My brother and sister, however, don't agree. They don't want to do anything that could result in our mom getting sued. Their name is on the Washington Mutual account – mine is not. Over a week ago, my sister and I argued over this and words were exchanged, which I believe has resulted in permanent damage and we are no longer speaking.

Over the past couple of weeks, my mom and I have gone to see therapists. First it was to her addictions counselor and because she didn't like some of the things I said, she wanted us to go to a family counselor. Mom has admitted that she has been gambling in Illinois casinos all along – the one year pin she received from GA back in May of this year, it would seem, was one big lie. Once Mom realized she could still get in, there was no stopping her. I've told Mom that I don't know if I want to have anything to do with her anymore. I think the casinos continue to lure her and I fear she will gamble away what little she has left - especially since Illinois casinos make it so easy. You may remember the first couple times we attended Board meetings the summer of last year, my sister sat beside me. This past summer, my mom and my sister both came when I told them I would speak. This time, I had hoped that my mom, sister, and brother would be here, but as you can see, they are not. I hope you can understand why I would say that the break in my family is more devastating, perhaps, than all the money she has lost along the way. I know that this is supposed to be all about money. Illinois wants more revenue from casinos. Casinos want to increase profits - perhaps there is no room for a story of a family in ruins as a result of a gambling addiction in a fast paced world of big money, casinos, and politics, but I have to wonder, had the casinos ID'd her and stopped her from entering, how much money might Mom still have, and more importantly to me, how many family arguments could have been prevented. I talk mostly about the financial ruin my mother is in, but can you understand how tragic it is to experience this emotional upheaval?

In an odd way, I understand why Mom can keep boarding Illinois casinos. With all the testimony and phone calls I have made, all that has resulted is that Mom's picture gets circulated and casino lawyers hand me their business cards and say, "If there's anything I can do..." Despite my testimony and despite the numerous times she has gambled, Illinois casinos have never been fined one penny for letting her board or for any of her losses so how can anyone question it: casinos still want her to keep gambling in Illinois. They keep getting more money from her; they aren't worried about the damage they are doing to her and to her family. Who would say that casinos are successful in keeping members of the self-exclusion program out? That's why I am asking you to change the policy and I.D. anyone who wants to board Illinois casinos. It would be a message to the casinos that they must give more than lip service to the self-exclusion program.

This past summer I drove out to Yellowstone Park. I was shocked at what I saw along Interstate 90 once I left Illinois. In more than one state, casinos were spread all over – on street corners, even at truck stops and gas stations. It made me realize I was lucky to live in a state where we have a gaming board that prides themselves on being tough regulators, but this is a big test for you to show casinos that you mean business and that they can't keep destroying the lives of Illinois citizens and that something has to be done to contain this state's growing addiction problem.

Almost every day in the news, I continue to hear about the financial woes of this state, but is Illinois so desperate for money that we are willing to take every last penny from addicts who have turned to the state for help? How can anyone say, "But what if they go to Indiana?" I know money is important, but even in this political world, can't we balance our need for money with some sense of responsibility? Isn't that what an I.D. policy would do?

As I have told friends and family about our troubles with Washington Mutual, everyone feels outrage that the bank ignored their own policy, but to me, it's déjà vu. The self-exclusion program, also, delivered - so far – broken promises – not just to her, but also to my family. It has not protected her. And certainly the casinos won't protect her. I am here again to ask you to fix it.

Kathy Gilroy

Good morning, Chairman Jaffe, Members of the Board and staff. My name is Kathy Gilroy, and I speak to you today as a member of the public. I have spoken to this Board many times already, asking that every casino patron be checked against the "self-exclusion program" list, which now comprises over 5300 persons.

In my business of insurance, I must submit a suitability form in order to put a client's money in a fixed annuity, where they earn interest and cannot possibly lose their money. One insurance company I represent will not accept more than 40% of the client's liquid assets in a fixed annuity. I wonder if any of those 5300+ persons would like a safeguard like that, to be assured that a gambling company could have, at most, 40% of their liquid assets. Where is this type of safeguard when it comes to gambling?

One important safeguard would be to screen every person at the door of the gambling casino, to make sure that they have not REQUESTED to be banned from gambling. It only makes sense, doesn't it?

On May 20, 1998, Prof. David S. Ruder of Northwestern University School of Law and former Chairman of the United States Securities and Exchange Commission delivered testimony before the National Gambling Impact Study Commission. He said, "I believe I am well qualified to present my observations and recommendations." He discussed the similarities between gambling and securities markets. Both involve uncertainty regarding outcome. Both are regulated. The SEC requires full disclosure, including risk factors. Despite the SEC's emphasis on disclosure as the primary means of protecting the public, it also has rules to protect investors who are not financially sophisticated. With regard to speculative securities, the NASD declares members' sales efforts to have exceeded the reasonable grounds of fair dealing if recommendations of speculative, low-priced securities are made to a customer without knowledge of, or attempt to obtain, information regarding the customer's financial situation, investment experience, and investment objectives. The NASD member must determine if penny stocks or options, for example, are suitable for the investor, since the could lose their money. The suitability requirement must be more even with institutional customers with as much as \$10M, or even more, under management. The responsibility for suitability lies, not with the investor, but, with the broker.

Prof. Ruder said that the public interest would benefit if some of the lessons from the securities industry were applied to gambling, in order to prevent undesirable economic injury to those who gamble. He recommended full disclosure, suitability testing, and his final recommendation was that, "Consideration should be given to finding ways to protect those who are either financially unsophisticated or unable to bear the risk of loss, such as restricting access to gambling establishments or access to certain kinds of gambling."

I submit to you that there are 5300+ persons in Illinois who, in the securities scenario, are saying, "Don't sell me that penny stock, or don't sell me that option." What would happen to the securities broker who did so anyway? He or she would be sanctioned with a huge fine, lose their license, and be convicted of fraud or even theft. What happens to the gambling company that allows the "self-excluded" person to gamble anyway? Nothing! Yet, isn't the scenario really the same?

Not only should casino patrons be carded to keep out those who have declared that gambling is unsuitable for them, but there also should be sanctions for the gambling company that takes their money anyway. Just as in the securities industry, there should be responsibility by the promoter, in this case, the gambling company. I suggest a huge fine, lose their license, and be convicted of fraud or theft.

Look at what is happening in the mortgage business today. Despite all of their disclosures, rules, and sanctions, who is at fault, the lenders or the unsophisticated borrowers? Many are blaming the lenders, and even the regulators. Casino gambling is yet another financial arena. Who is at

fault if there are no protections for unsophisticated gamblers? Do you suppose some will blame the regulators?

The last time I spoke to this Board I told how products that hurt a certain percentage of consumers, such as toys with lead-based paint or even dog food, are taken off the market. The public demands it. There are 5300+ persons in Illinois who are saying, “Don’t let me be a consumer of this product that will hurt me.” This product is gambling. Will you sell it to them anyway?

Individual racetracks have a form of “self-exclusion” program. The Illinois Lottery also has announced that they are implementing a “self-ban” program. It would be very helpful if the compulsive gambler could be allowed to sign up for their choice or programs to be excluded from in one visit, if they have multiple types of gambling problems. Is that possible?

Of the three, the Lottery Control Board, the Racing Board, and the Gaming Board, I believe the Gaming Board is the best regulator and the most capable of coordinating these multiple programs.

You are courageous to even be having this hearing. It is a difficult job you have and will, undoubtedly, cause some criticism, no matter what you decide. If, in fact, you do decide to extend your carding at the door to all who enter a gambling casino, I congratulate you on taking a step that will cause 5300+ Illinois people and their families to have a product taken off the market that is harmful to them. If you do take this step, Chairman Jaffe, I will then agree with you that the Illinois Gaming Board is, indeed, the best in the country. Thank you for your consideration of my requests. I know I speak for many who are not here today.

Joseph M. Kelly Ph.D., J.D.

Thank you for the opportunity to speak before the Illinois Gaming Board. My presentation will emphasize three points: First, it is unproductive or perhaps even counter-productive to shift self-exclusion responsibility from the compulsive gambler to another entity, such as a casino. Second, the entry requirement for state issued identification would shift the responsibility from the excluded gambler. Third, even if the responsibility was shifted in part to a casino, the requirement of a driver's license or state issued identification card would probably have little success.

1. The burden of self-exclusion should be on the compulsive gambler.

The purpose of self-exclusion is to encourage the compulsive gambler to pledge to stay out of a gambler to stay out, gambling operators, such as casinos, have developed policies to transfer self-excluded jackpot winnings to charities and to prevent self-excluded gamblers from utilizing credit facilities at casinos. Lia Nower, now Director of the Center for Gambling Studies at Rutgers University, has suggested that requiring self-excluded gamblers to report a relapse has been one of the reasons why the Missouri self-exclusion policy has been most successful. It places the burden on the gambler to report a relapse.

In 1996, Missouri was the first U.S. jurisdiction to adopt self-exclusion. Interestingly, when the idea of self-exclusion from gambling venues was first considered in Missouri, it was the problem gambling treatment community who feared that self-exclusion programs might exacerbate the problem.

[Problem gambling experts] noted that while our intentions were good, the only way people can truly get better is if they take control and take on the responsibility for keeping themselves out of the casinos. It is wrong to put the responsibility in the casino's hands because then the individual never really takes a step in acknowledging his problem or trying to fix it. And this allows him to ultimately blame the casino if he fails [Carol O'Hare, "Self-Exclusion--Concept vs. Reality," (8)(3) *Gaming Law Rev.* (2004) 189 quoting Kevin Mullally, then Executive Director of the Missouri Gaming Commission].

According to Carol O'Hare, Executive Director of the Nevada Council on Problem Gambling, the responsibility for self-exclusion should be on the compulsive gambler ALONE.

Self-exclusion was meant to be *self*-driven--a commitment for the individual to act in a way that was consistent with the rules of a *voluntary* agreement... Recovery is not an external action, but rather an internal process of acceptance, evaluation, and change. Acceptance of responsibility for one's actions and the resulting consequences must be complete with no allowance for blaming others. Rigorous honesty is required to identify the emotional reactions and behaviors that contributed to the development of the addiction. Changing those responses and behaviors is the key to putting the addiction in 'remission'. The process is *self*-driven, yet there is a need for external mechanisms to support the process until sufficient internal controls can be developed [Id. at 190].

When Missouri first considered implementing a self-exclusion ban, its gaming regulators sought comments from professional gambling counselors throughout the U.S. Typical of the comments received concerning self-exclusion would be that of the Texas Council on Problem and Compulsive Gambling at the time Missouri was developing a policy for possible litigation by self-excluded gamblers.

One counselor perhaps verbalized it best by saying, "Given the personality of many of male ego-driven compulsive gamblers, I'm afraid they would see the ban as a challenge to see if they could beat the system." Officials at Casino de Montreal, in fact, report that some gamblers do just that. Nearly all of the counselors felt that the ban would be of little help unless the gambler viewed recovering from the gambling addiction as his/her own personal

responsibility [Letter, Texas Council on Problem and Compulsive Gambling, June 8, 1996].

Jamie Cameron, Professor of Law, Osgoode Hall Law School, York University, Toronto, has also opined:

It is not reasonable to ask venues to identify those who have a gambling problem when the concept of a problem gambler depends so much on self-identification and offsite behavior. As for those who take advantage of the self-exclusion program, imposing a duty on facilities to prevent them from gambling may undermine the therapeutic rationale of the program ["Problem Gamblers and the Duty of Care," (11)(5) *Gaming Law Review*, (2007) at 571].

The California Gambling Control Commission, on March 10, 2006, in concluding there should be no legal cause of action by a self-excluded gambler stated that "the responsibility for following either the self-exclusion or self-restriction is on the patron." (Initial Statement of Reasons, CGCC-GCA-2006-R-3, Program for Responsible Gambling, citing Peter Collins and Joseph Kelly, "Problem Gambling and Self-Exclusion: A Report to the South African Responsible Gambling Trust," (6)(6) *Gaming Law Review*, (2002) 517, 519, 530.)

Some experts, such as Bo Bernard at University of Nevada, Las Vegas, have concluded that a self-exclusion program might be counter-productive because it shifts some responsibility from the compulsive gambler.

Increasingly, a number of gaming companies and gaming jurisdictions have embraced self-exclusion policies that allow problem gamblers to self-ban from targeted promotions and/or from the gambling ground itself. The thinking informing this kind of ban is clear. Those with gambling problems will have an opportunity to erect a barrier between them and their gambling.

This approach might in fact have the unintended consequence of subtly encouraging these individuals to place blame elsewhere. In treatment settings employing a 12-step approach, newly abstinent problem gamblers are encouraged to focus introspectively on their own contributions to their destructive behavior—leaving that which is outside of their control alone for the time being. Treatment professionals attempting to convince problem gamblers to accept personal responsibility for their actions can hence be frustrated by a mechanism that conceivably allows them to resist this approach ["On the Shoulders of Merton: Potentially Sobering Consequences of Problem Gambling Policy," (47)(11) *American Behavioral Scientist*, 1395-96 (July 2004)].

2. The proposed entry requirements would shift responsibility from the compulsive gambler.

The National Council on Problem Gambling recommended the following should be addressed in any self-exclusion policy.

6. A consensus of the committee believes that it should be clear to the self-excluder that it is not the responsibility of the casino or the regulatory agency to prevent them from entering a gambling venue [October 2003 NCPG Task Force on Self Exclusion at IV, "Discussion Paper on Current Voluntary Exclusion Practices"].

Professor Cameron also strongly suggests entry requirements would be unproductive.

[T]he suggestion that those who operate facilities have a legal obligation, in effect, to set up checkpoints at the entrance would not only place an inappropriate burden on the industry but constitute an unacceptable interference with the autonomy of those who choose to gamble, and to take certain risks in doing so.... One such consequence is the prospect of a negative impact on the therapeutic objectives of the program. Whether online, across the border, or by illegal means, games of chance and gambling opportunities are pervasive. As a result, those who cannot gamble safely will remain at risk of losing control until they accept personal responsibility for their actions. Putting the onus on third parties to exclude them from gaming venues would undermine the point of self-exclusion... [I]t is sounder policy to promote self-exclusion than to hold gaming venues responsible for not assuming the additional, affirmative duty to identify, locate, and exclude those who self-identify as problem gamblers ["Problem Gambling and the Duty of Care," at 569].

3. Mandatory driver's license or state issued identification card would probably have little success.

This Board had heard from Kevin Mullally, then Executive Director of the Missouri Gaming Commission, on the issue of the requirement of mandatory driver's licenses.

Mr. Mullally ... stated that he would not put too much stock in scanning driver's licenses. Gamblers can get other people's driver's licenses, and the most addicted and the most serious of those affected will find ways to defeat any system that you have. Mr. Mullally stated that this is an impulse control disorder, the craving is too big, we have to concentrate on good mental health and fix the problem from the inside out [Minutes, Illinois Gaming Board, Jan. 3, 2006].

The United States has decided against using extreme measures concerning compulsive gaming. The California Gambling Control Commission, for example, decided not to allow friends and relatives to complete a self-exclusion form for a problem gambler and concluded it would be counter-productive to personal responsibility values. The same rationale would apply to mandating driver's licenses/identification cards to enter a casino. Verification for entry would be "contrary to prevailing values of North America, Australia, and New Zealand." (Robert Ladouceur, et al., "Self-Exclusion Program: A Longitudinal Evaluation Study," (23) *Journal of Gambling Studies*, 85-94 at 92 (2006)).

Member Gardner asked why carding all the patrons entering the casino is a liability. Mr. Kelly stated that if a gambler wants to board he will find some kind of way. The gambler themselves need to make the decision to stop. It is not up to anyone but the gambler. With the scanning of licenses you are shifting the burden from the gambler to the industry itself.

Eugene Christiansen-Chairman, Christiansen Capital Advisors

The Illinois Casino Gambling Association asked that Mr. Christiansen's group estimate the cost that would be associated with the cost of scanning the licenses. Mr. Christiansen stated that his firm could not locate a direct comparable to analyze. So the study centered on the sensitivity end of it. The study looked at the lifting of the cruise requirement, that was changed for the better as far as the gambler was concerned; also looked at the State of Delaware where there is a smoking ban. The result was the gross revenue declined by 68.8%.

Member Winkler stated that Mr. Christiansen had no data to come to any conclusions.

Mr. Christiansen stated that the gross revenue analyzed is where the conclusions came from.

Chief Counsel Fries asked Mr. Christiansen did you make any attempt to find out the number of patrons that his study based its conclusion on? Mr. Christiansen said that they did not have the number of patrons.

Marc Falcone, Magnetar Capital

Mr. Falcone represents an asset management firm. Falcone is an industry analyst and expert. Falcone has spoken to the IGB and the State legislature over the last eight years. He is spokesman for the National Center for Responsible Gaming. Falcone believes that this identification of patrons will have negative consequences. The issue must be looked at in totality. The smoking ban will definitely decline the number of patrons coming into the casino. Ontario Canada saw a decline, Australia, and in our own country, Delaware, have all experienced patron decline which results in a decline of revenue. I.D. policy will definitely effect a loss in revenues. The Indiana casinos will become quite aggressive with having patrons come in from Illinois due to the I.D. process. You will see job layoffs once the smoking ban goes into effect. Illinois gaming regulators must be more aggressive to maximize the value of the tenth license; it will be important for Illinois to demonstrate they have a stable policy for the regulatory and legislative stand point in order to maximize those dollars. Casino Queen is the only casino who has invested capital in their casino in the State of Illinois.

Member Gardner stated that since he has been on the Board Harrah's spent \$70M on a hotel, and Rock Island is in the middle of spending \$125M on their facility.

Member Winkler stated that Illinois clearly represents a stable environment.

Elizabeth Brown, Seafarers Entertainment and Allied Trades Union

The Union represents 500 workers in the State of Illinois at the casinos; the Empress and the Alton Belle, gamblers will go to other states and cost the state and local communities millions of dollars. Gambling patrons cherish their privacy. Banning smoking will just generate a greater loss in revenues. Layoffs will occur similar to the layoffs associated with the 7% tax hike a few years ago. Identifying self excluded individuals with their driver's license will again cause numbers to drop and layoffs to occur.

Christopher Anderson-Gambling Recovery Center

It is important to recognize the problem gambler. The Gambling Act was to provide disadvantaged areas with economic development without ignoring the probable cost associated with gambling. There will always be problems with gambling. In the mind of the gambler who signed with the SEP, trying to enter the casino is another wager to the gambler. A pathological gambler by definition, is impaired and that impairment does not stop once they sign up.

Being carded at the entrance to the casino is just a sign of the times. Nightclubs do it, places of business do it. There is no getting away from it.

ADJOURNMENT

At 1:25 p.m. Member Winkler motioned for adjournment while Member Gardner seconded the motion.

Respectfully submitted,

Mary C. Boruta
Secretary to the Administrator